

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-08 INR-10 LAB-04
NSAE-00 SIL-01 AID-05 FRB-01 ICA-20 TRSE-00
XMB-04 OPIC-06 SP-02 OMB-01 PA-02 DOE-15 SOE-02
/094 W

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R 162051Z JUN 78
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 7740
INFO AMCONSUL MONTREAL
AMCONSUL CALGARY
AMCONSUL HALIFAX
AMCONSUL TORONTO
AMCONSUL QUEBEC
AMCONSUL WINNIPEG
AMCONSUL VANCOUVER

UNCLAS SECTION 01 OF 02 OTTAWA 03042

E.O. 11652: N/A
TAGS: ELAB, CA
SUBJECT: SECOND QUARTER WAGE SETTLEMENTS

REF: OTTAWA A-147, JUNE 12, 1978

1. SUMMARY. SPATE OF WORK STOPPAGES ACROSS CANADA INDICATE
ONSET OF HARD BARGAINING OVER LABOR CONTRACTS -- LESS OVER
WAGES THAN OTHER CONTRACT TERMS. SOME UNIONS ARE SHIFTING
THEIR COLLECTIVE BARGAINING STRATEGY FROM SEEKING 12-MONTH
CONTRACTS TO TWO AND THREE-YEAR CONTRACTS WITH COST OF
LIVING ADJUSTMENT PROVISIONS. BARGAINING FOR THESE LONGER-
TERM CONTRACTS CAN BE EXPECTED TO CONTINUE TO BE DIFFICULT.
END SUMMARY.

2. UNION MEMBERS ARE PRESSURING THEIR LEADERS TO RECOUP
WAGES THEY CONSIDER WERE LOST DURING WAGE-PRICE CONTROL
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PERIOD THAT ENDED APRIL 15, WHILE, ON MANAGEMENT SIDE,
THERE IS STRONG RESISTANCE TO ACCEDE TO UNION DEMANDS DUE
TO UNCERTAINTIES OF CONSUMER MARKET. IT IS TOO SOON TO
MAKE ANY PREDICTIONS ABOUT SETTLEMENTS IN THIS POST ANTI-
INFLATION BOARD (AIB) PERIOD, BUT THERE ARE SOME SIGNS
OF HARD BARGAINING ACROSS CANADA. IN MANITOBA, RETAIL
CLERKS OF MAJOR FOOD CHAIN, BREWERY WORKERS, SOME MUNICIPAL

WORKERS, AND CONSTRUCTION ELECTRICIANS ARE ON STRIKE. IN QUEBEC, THE UNITED STEELWORKERS HAVE BEEN ON STRIKE AT SEVERAL LOCATIONS -- SUBSIDIARIES OF HANNA MINING CO., BETHLEHEM STEEL CORP., NATIONAL STEEL CORP. AND UNITED STATES STEEL CORP. -- FOR OVER SIX WEEKS. IN BRITISH COLUMBIA, BREWERIES ARE OUT, WITH MANAGEMENT INSISTING ON REGIONAL PACT WITH UNION COVERING FOUR MAJOR BREWERIES -- MOLSON'S, LABATTS, COLUMBIA AND CARLING-O'KEEFE. IN ONTARIO, THE UAW IS TRYING TO WIN FIRST CONTRACT AT FLECK COMPANY AMIDST SOME VIOLENCE ON THE PICKET LINE, AND IS ALSO MEETING CONSIDERABLE RESISTANCE IN THEIR NEGOTIATIONS WITH OTHER SMALL METAL AND PARTS MANUFACTURERS IN SOUTHERN ONTARIO. AUTO WORKERS' UNION, WHICH TRADITIONALLY FAVORS LONG-TERM CONTRACTS, HAS BEEN FACED WITH LAYOFFS WHICH WILL WEAKEN ITS BARGAINING POSITION ON THE ONE HAND BUT STRENGTHEN ITS RESOLVE TO OBTAIN ADDITIONAL SECURITY, PENSION AND COST OF LIVING PROTECTION.

3. SO FAR, LABOR CONTRACTS NEGOTIATED SINCE CONTROLS LAPSED HAVE PROVIDED FOR WAGE INCREASES AROUND FORMER AIB LIMIT OF 6 PERCENT. IN THE CHEMICAL INDUSTRY, RATE OF INCREASE THUS FAR HAS AVERAGED 6.96 PERCENT WITH SOME POST-CONTROL SETTLEMENTS BRINGING AVERAGE UP OVER 6 PERCENT CONTROL FIGURE. OIL INDUSTRY CONTRACTS ENDED JANUARY 31, THUS CONTRACT RENEWALS WERE UNDER WAGE CONTROLS. UNIONS SETTLED FOR 6 PERCENT PLUS SOME EXTRA FRINGE BENEFITS WHICH HAVE YET TO UNCLASSIFIED

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BE APPROVED BY AIB. COMPANIES AFFECTED ARE IMPERIAL, GULF, SHELL AND CHEVRON. TEXACO REPORTEDLY HAS SOME AIB PROBLEMS OVER AN 8 PERCENT SETTLEMENT, WITH 6 PERCENT ALREADY IN EFFECT. CHEMICAL INDUSTRY HAS GENERALLY FOLLOWED PETROLEUM INDUSTRY, SETTling FOR 6 PERCENT UNDER THE AIB CONTROLS. WITH ONLY FEW EXCEPTIONS, MAJOR CHEMICAL CONTRACTS HAVE BEEN SETTLED UNTIL 1979. CLERICAL AND TECHNICAL EMPLOYEES, BOTH UNION AND NON-UNION, HAVE SETTLED AT 6 PERCENT FOR 1978. NO ONE IS MAKING ANY PREDICTIONS FOR 1979 BARGAINING IN THIS AREA. IN CONSTRUCTION AREA, ONTARIO ELECTRICIANS, LABORERS, OPERATING ENGINEERS, CARPENTERS, IRON WORKERS AND SHEETMETAL WORKERS MAY SETTLE FOR ABOUT 5.5 PERCENT PER YEAR FOR TWO YEARS (75 CENTS PER HOUR FOR FIRST YEAR AND AN ADDITIONAL 75 CENTS PER HOUR FOR THE SECOND YEAR) OUTSIDE OF THE AIB CONTROLS. 14,000 PLUMBERS AND THE PROVINCIAL TRADES ASSOCIATION HAVE YET TO REACH AN AGREEMENT AND MAY STRIKE LATE JUNE OR JULY OF THIS YEAR. IN ALBERTA, THE CONSTRUCTION CRAFTS, UNDER AIB CONTROLS, SETTLED FOR 5.3 PERCENT PLUS FRINGE BENEFITS FOR THE FIRST YEAR AND 5.6 PERCENT FOR THE SECOND YEAR. FINALLY, IN MONTREAL, LONGSHOREMEN ACCEPTED THREE-YEAR CONTRACT BOOSTING THEIR HOURLY RATE FROM \$8.00 TO \$10.00 BY JANUARY

1, 1980.

4. STILL UNDECIDED AND POTENTIALLY HARD BARGAINING AREAS
IN 1978 ARE PAPER (35,000); B.C. RAILWAY, CP AIR, TORONTO
TRANSIT (20,000); STEELCO, SYSCO, ALGOMA (25,000); THE
LETTER CARRIERS (17,500); THE INSIDE POSTAL WORKERS
(23,000); QUEBEC GOVERNMENT AND HOSPITAL WORKERS (65,000);
INCO, FALCONBRIDGE NICKEL (20,000); ONTARIO, NEWFOUNDLAND
AND NOVA SCOTIA SCHOOL BOARDS (68,000); BELL CANADA IN
NEWFOUNDLAND, QUEBEC, ONTARIO AND NORTHWEST TERRITORIES
(21,000); AND HYDRO QUEBEC (10,000). QUEBEC GOVERNMENT
WORKERS HAVE ALREADY HAD PRELIMINARY HALF-DAY WORK STOPPAGE.
POSTAL WORKERS' UNION HAS VIRTUALLY PROMISED NATIONAL STRIKE
UNLESS CONCILIATION PROCESS (EXPECTED TO TAKE SEVERAL MORE
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MONTHS) SATISFIES COMPENSATION DEMANDS.

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5. COMMENT: FORECASTERS BELIEVE NEGOTIATIONS FOR
REMAINDER OF 1978 WILL RESULT IN INCREASES QUITE CLOSE TO
1977 SETTLEMENTS PLUS SOME ADDITIONAL LABOR COST FRINGE
BENEFITS, I.E., IN NEIGHBORHOOD OF 6-7 PERCENT. WHAT IS
NOT CLEAR IS HOW AGREEMENTS WILL BE REACHED -- BY MUTUAL
ACCORD?, WITH THE HELP OF GOVERNMENT MEDIATION?, OR,
PERHAPS, BY CONFRONTATION AND STRIKES. BOTH LABOR AND
MANAGEMENT, NO LONGER FEELING RESTRAINT OF CONTROLS, CAN
BE EXPECTED TO FLEX THEIR MUSCLES FOR THEIR RANK-AND-FILE
MEMBERS ON THE ONE HAND AND THEIR STOCKHOLDERS ON THE
OTHER -- SORT OF A TRAINING YEAR FOR THE BIG GAMES IN 1979.
DUEMLING

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